

United States Mint

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2007	FY 2008	FY 2009		
	Obligated	Estimated	Estimated	Increase/Decrease	Percent Change
Manufacturing for Mint Protection	1,770,265	2,129,806	2,079,192	(50,614)	(2.4%)
Total Cost of Operations	\$1,814,208	\$2,175,326	\$2,125,816	(\$49,510)	(2.3%)
Capital Investments (Not included in Total Cost of Operations above)	\$22,654	\$44,763	\$37,116	(\$7,642)	(17.0%)

Explanation of Budget Estimate

The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, and bullion products. Furthermore, the United States Mint provides security for assets, including the government's stock of gold bullion, silver bullion, coins and coinage metals.

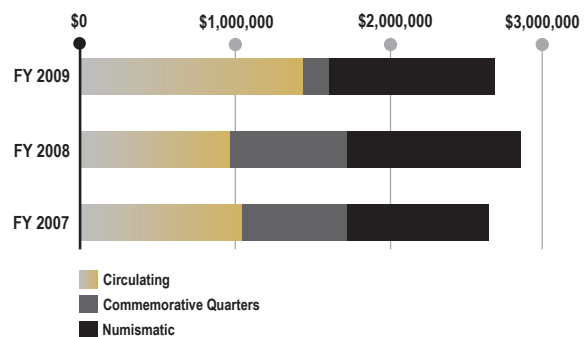
The United States Mint's key priorities for FY 2009 include:

- Efficiently and effectively produce and distribute approximately 15.4 billion coins to meet demand for circulating coins during FY 2009 to effectively enable commerce, an important strategic objective for the Department of the Treasury's manufacturing activities.
- Mint and issue Presidential \$1 Coins for circulation to honor Presidents Martin Van Buren, William Henry Harrison, John Tyler and James K. Polk.
- Continue to produce and ship other Presidential \$1 Coin Act products, including the 24-Karat First Spouse Gold Bullion Coins and 24-Karat American Buffalo Gold Bullion Coins, and to mint and issue Native American \$1 Coins.
- Produce and distribute new 2009 coin and commemorative programs including redesigned one-cent coin, new quarters and the Lincoln and Braille commemorative programs.
- Produce and distribute recurring numismatic products and sets, as well as other numismatic items, in quantities sufficient to make them accessible, available, and affordable to Americans who choose to purchase them.

FY 2009 United States Mint estimated total revenues are \$2,673,473,000, total expenses are \$2,125,816,000, capital investments are \$37,116,000, and net results are \$547,657,000.

United States Mint Revenue History

(Dollars in Thousands)



Purpose of Program

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products and protective services. Revenues in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

Explanation of Budget Activities

Manufacturing (\$2,079,192,000 from reimbursable programs) The United States Mint manufactures and sells products. For budget reporting purposes, these products are grouped into three programs: Circulating Coinage, 50 State Quarters, and Numismatic.

Circulating Coinage includes the one-cent coin, 5-cent coin, dime, half-dollar and dollar used to enable the conduct of trade and commerce. The focus of this mission is to produce coins for circulation to meet the needs of the United States in a cost-efficient and safe manner using state-of-the-art manufacturing technology and equipment. The United States Mint delivers the circulating coinage to the Federal Reserve Bank for distribution.

In FY 2007, the United States Mint introduced the Presidential \$1 Coin program, which commemorates the service of former United States Presidents in the order in which they served the nation. Four different coin designs will be minted each year. The year 2009 features Presidents Harrison, Tyler, Polk and Taylor.

50 State Quarters® Program

A significant component of operations is the 50 State Quarters Program, which began in 1999 to commemorate and honor each of the 50 states over a ten-year period. Five new commemorative quarter-dollar coins are produced each year. Each quarter's reverse celebrates one of the 50 states with a design honoring that state's unique history, traditions, and symbols. The quarters are released in the same order in which the states ratified the United States Constitution or were admitted into the Union. The releases for calendar year 2008 quarters are Oklahoma, New Mexico, Arizona, Alaska and Hawaii. The quarters are circulating coins; however, by statute, the revenue from this program is considered numismatic for budgetary reporting purposes. The Program is displayed separately in the narrative and the financial schedules to present a clearer picture of its impact. The 50 State Quarters Program will come to an end in December 2008. During the first three months of FY 2009, the United States Mint will continue to produce 2008 50 State Quarters. The United States Mint plans to spend \$107 million to produce and ship approximately 664 million 50 State Quarters coins, generating revenues of \$166 million dollars in FY 2009.

Impact of the FY 2008 Consolidated Appropriations Act on Mint

A provision of the FY 2008 Consolidated Appropriations Act, Public Law (P.L. 110-161)

authorizes the Secretary of the Treasury to issue a series of circulating commemorative quarter-dollar coins in calendar year 2009 with reverse designs emblematic of the District of Columbia and each of the United States Territories. In 2009, six quarter-dollar coins will be minted and issued by the United States Mint in honor of the District of Columbia and the five United States Territories: the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

Public Law (P.L. 110-161) also includes an amendment to move the inscription "In God We Trust" from the edge of the Presidential \$1 Coins and Native American \$1 Coins to the face.

Numismatic Program

The Numismatic program includes six types of coin products, which the United States Mint markets and sells to the public, including (1) Bullion Coins, (2) American Eagle Proof Coins, (3) 24-Karat Gold Proof Coins, (4) Recurring Coins, (5) Commemorative Coins, and (6) Medals. The program focuses on providing quality products and services, expanding markets and supporting the long-term objectives. The current FY 2009 budget estimate includes resource needs of \$1,049 million to generate \$1,065 million in revenues from the sale of these products.

Protection (\$46,624,000 from reimbursable programs) The United States Mint secures over \$100 billion in market value of the nation's gold reserves, silver, and other assets. The United States Mint Police protects United States Mint assets while safeguarding its employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites and coordinating with various federal, state and local law enforcement agencies. It also ensures that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

Legislative Proposals

The United States Mint has no legislative proposals for FY 2009.

Capital Investments Summary

The United States Mint's FY 2009 circulating and protection capital request is \$18.1 million, which is \$24.1 million below the projected circulation and protection depreciation (capital limit) amount of \$42.2 million.

Each year, the United States Mint commits funds for capital projects to maintain, upgrade or acquire

physical structures, equipment, physical security, and information technology systems. Total capital projects are estimated to be \$37.1 million in FY 2009. This includes approximately \$14.6 million for circulating projects, \$3.5 million for security improvement projects, and \$19.0 million for numismatic projects.

Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
		Actual	Actual	Actual Target Met?	Target	Target
Manufacturing for Mint	Cost per 1000 Coin Equivalents \$(E)	7.42	7.55	7.23 ✓	Discontinued	Discontinued
Manufacturing for Mint	Cost per 1000 Coin Equivalents (% deviation from target)(E)	N/A	N/A	N/A	0	0
Protection	Protection Cost Per Square Foot \$(E)	32.43	32.49	31.75 ✓	32.11	32

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

Cost per 1000 Coin Equivalents

The United States Mint's costs vary by product, and the product mix has been variable over time. This makes it difficult to compare operating results from year to year. The coin equivalent calculation converts the production output to a common denominator based on the circulating quarter. Production costs, excluding metal and fabrication, are then divided by this standardized production level, thus resulting in "conversion costs per 1,000 coin equivalents." This metric allows comparison of performance over time by negating the effects of changes in the product mix. Starting in FY 2008, the target and results will be presented as a percentage difference from the baseline in order to allow for the impact of fixed costs as they get spread over varying levels of production. The dollar value of the target is then dependent upon the actual volume of coin equivalents produced. For example, at a production level of 21.9 billion coin

equivalents, the baseline cost target would be \$7.51 per 1,000 coin equivalents. The conversion cost per 1,000 coin equivalents through September FY 2007 was \$7.23, an improvement over the FY 2006 result of \$7.55. The performance measure met the FY 2007 target of \$7.27.

Cost per Square Foot

Protection cost per square foot is the Office of Protection's total operating cost divided by the area of usable space, which is 90 percent of the total square footage. The cost per square foot provides a measurement of efficiency over time. The square footage of usable space at the United States Mint is a stable figure and will only change significantly with major events such as the addition or removal of a facility. Protection cost per square foot through September 2007 was \$31.75, a decrease from \$32.49 in FY 2006, and meeting the performance target of \$32.99.